

# Senate Study Bill 3198

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
AGRICULTURE BILL BY  
CHAIRPERSON FRAISE)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act providing for infrastructure associated with storing,  
2 blending, and dispensing renewable fuel, and providing an  
3 effective date.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 6470XC 82  
6 da/nh/5

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1 1 Section 1. Section 15G.201, subsection 1, Code 2007, is  
1 2 amended to read as follows:  
1 3 1. "Biodiesel", "biodiesel blended fuel", "biodiesel  
1 4 fuel", "E=85 gasoline", "ethanol", "ethanol blended gasoline",  
1 5 "gasoline", "motor fuel", "motor fuel pump", "retail dealer",  
1 6 and "retail motor fuel site" mean the same as defined in  
1 7 section 214A.1.  
1 8 Sec. 2. Section 15G.201, Code 2007, is amended by adding  
1 9 the following new subsections:  
1 10 NEW SUBSECTION. 4A. "Motor fuel pump" and "motor fuel  
1 11 blender pump" or "blender pump" mean the same as defined in  
1 12 section 214.1.  
1 13 NEW SUBSECTION. 5A. "Tank vehicle" means the same as  
1 14 defined in section 321.1.  
1 15 Sec. 3. Section 15G.202, subsection 6, Code 2007, is  
1 16 amended by striking the subsection.  
1 17 Sec. 4. Section 15G.203, subsection 1, Code Supplement  
1 18 2007, is amended to read as follows:  
1 19 1. The purpose of the program is to improve retail motor  
1 20 fuel sites by installing, replacing, or converting ~~motor fuel~~  
1 21 ~~storage and dispensing infrastructure. The infrastructure~~  
1 22 ~~must be to be used to store, blend, or dispense renewable~~  
1 23 ~~fuel. The infrastructure shall be ethanol infrastructure or~~  
1 24 ~~biodiesel infrastructure.~~  
1 25 a. (1) Ethanol infrastructure shall be designed and shall  
1 26 be used exclusively to store do any of the following:  
1 27 (a) Store and dispense renewable fuel which is E=85  
1 28 gasoline.  
1 29 (b) Store, blend, and dispense motor fuel from a motor  
1 30 fuel blender pump, as required in this subparagraph  
1 31 subdivision. The ethanol infrastructure may provide for the  
1 32 storage of ethanol or ethanol blended gasoline, or for  
1 33 blending ethanol with gasoline, so long as the ethanol  
1 34 infrastructure includes a motor fuel blender pump which  
1 35 dispenses different classifications of ethanol blended  
2 1 gasoline and which must dispense E=85 at all times that the  
2 2 blender pump is operating.  
2 3 (2) Biodiesel infrastructure shall be designed and used  
2 4 exclusively to do any of the following:  
2 5 (a) Store and dispense biodiesel, or biodiesel blended  
2 6 fuel.  
2 7 (b) Blend or dispense biodiesel fuel from a motor fuel  
2 8 blender pump.  
2 9 b. The infrastructure must be located on the premises of a  
2 10 retail motor fuel sites site operated by a retail dealers  
2 11 dealer.  
2 12 c. The infrastructure shall not include a tank vehicle.  
2 13 Sec. 5. Section 15G.203, subsection 2, Code Supplement  
2 14 2007, is amended to read as follows:  
2 15 2. A person may apply to the department to receive  
2 16 financial incentives ~~on a cost-share basis. The department~~  
2 17 ~~shall forward the applications to the underground storage tank~~

2 18 fund board as required by that board for evaluation and  
2 19 recommendation. The underground storage tank fund board may  
2 20 rank the applications with comments and shall forward them to  
2 21 the infrastructure board for approval or disapproval. The and  
2 22 the department shall award financial incentives ~~on a~~  
2 23 ~~cost-share basis~~ to an eligible person whose application was  
2 24 approved by the infrastructure board.

2 25 Sec. 6. Section 15G.203, subsection 3, Code Supplement  
2 26 2007, is amended by striking the subsection.

2 27 Sec. 7. Section 15G.203, subsection 4, paragraph b,  
2 28 subparagraphs (3) and (4), Code Supplement 2007, are amended  
2 29 to read as follows:

2 30 (3) A statement describing how the retail motor fuel site  
2 31 is to be improved, the total estimated cost of the planned  
2 32 improvement, and the date when the infrastructure will be  
2 33 first used to ~~store and dispense the renewable fuel.~~

2 34 (4) A statement certifying that the infrastructure shall  
2 35 ~~not only~~ be used to ~~store or dispense motor fuel other than~~  
3 1 ~~E-85 gasoline, biodiesel, or biodiesel blended fuel to comply~~  
3 2 ~~with the provisions of this section and as specified in the~~  
3 3 ~~cost-share agreement~~, unless granted a waiver by the  
3 4 infrastructure board pursuant to this section.

3 5 Sec. 8. Section 15G.203, subsection 6, Code Supplement  
3 6 2007, is amended by striking the subsection.

3 7 Sec. 9. Section 15G.203, subsection 7, Code Supplement  
3 8 2007, is amended to read as follows:

3 9 7. An award of financial incentives to a participating  
3 10 person shall be on a cost-share basis in the form of a grant.  
3 11 To

3 12 in order to participate in the program an eligible person  
3 13 must execute a cost-share agreement with the department as  
3 14 approved by the infrastructure board in which the person  
3 15 contributes a percentage of the total costs related to  
3 16 improving the retail motor fuel site. The infrastructure  
3 17 board may approve multiple improvements to the same retail  
3 18 motor fuel site for the full amount available for both ethanol  
3 19 infrastructure as provided in paragraph "a" and biodiesel  
3 20 infrastructure as provided in paragraph "b" so long as the  
3 21 improvements for ethanol infrastructure and for biodiesel  
3 22 infrastructure are made under separate cost-share agreements.

3 23 a. This paragraph "a" applies to the installation,  
3 24 replacement, or conversion of ethanol infrastructure.

3 25 (1) Except as provided in paragraph "b" subparagraph (2),  
3 26 a participating person may be awarded standard financial  
3 27 incentives. The standard financial incentives awarded to the  
3 28 participating person shall not exceed fifty seventy percent of  
3 29 the actual cost of making the improvement or thirty fifty  
3 30 thousand dollars, whichever is less. The infrastructure board  
3 31 may approve multiple awards of standard financial incentives  
3 32 to make improvements to a retail motor fuel site so long as  
3 33 the total amount of the awards does not exceed the limitations  
3 34 provided in this paragraph subparagraph (1).

3 35 b- (2) In addition to any standard financial incentives  
4 1 awarded to a participating person under paragraph "a"  
4 2 subparagraph (1), the participating person may be awarded  
4 3 supplemental financial incentives to upgrade or replace a  
4 4 dispenser which is part of gasoline storage and dispensing  
4 5 infrastructure used to store and dispense E-85 gasoline as  
4 6 provided in section 455G.31. The person is only eligible to  
4 7 receive the supplemental financial incentives if the person  
4 8 installed the dispenser not later than sixty days after the  
4 9 date of the publication in the Iowa administrative bulletin of  
4 10 the state fire marshal's order providing that a commercially  
4 11 available dispenser is listed as compatible for use with E-85  
4 12 gasoline by an independent testing laboratory as provided in  
4 13 section 455G.31. The supplemental financial incentives  
4 14 awarded to the participating person shall not exceed  
4 15 seventy-five percent of the actual cost of making the  
4 16 improvement or thirty thousand dollars, whichever is less.

4 17 b. This paragraph "b" applies to the installation,  
4 18 replacement, or conversion of biodiesel infrastructure.

4 19 (1) A participating person may be awarded financial  
4 20 incentives. The financial incentives awarded to the  
4 21 participating person shall not exceed the amount of the  
4 22 cost-share schedule provided in this subparagraph or fifty  
4 23 thousand dollars, whichever is less. The cost-share schedule  
4 24 shall be based on the classifications provided in section  
4 25 214A.2. The cost-share agreement shall provide for the  
4 26 minimum classification of biodiesel fuel to be stored,  
4 27 blended, or dispensed using the infrastructure according to  
4 28 the following cost-share schedule:

4 29 (a) Fifty percent for biodiesel fuel classified as B=2  
4 30 biodiesel fuel or higher but not as high as B=5 biodiesel  
4 31 fuel.  
4 32 (b) Fifty=five percent for biodiesel fuel classified as  
4 33 B=5 biodiesel fuel or higher but not as high as B=10 biodiesel  
4 34 fuel.  
4 35 (c) Sixty percent for biodiesel fuel classified as B=10  
5 1 biodiesel fuel or higher but not as high as B=20 biodiesel  
5 2 fuel.  
5 3 (d) Seventy percent for biodiesel fuel classified as B=20  
5 4 biodiesel fuel or higher.  
5 5 (2) The infrastructure board may approve multiple awards  
5 6 of financial incentives to a retail motor fuel site so long as  
5 7 the total amount of awards does not exceed the limitations  
5 8 provided in this paragraph "b".  
5 9 Sec. 10. Section 15G.204, subsection 1, Code Supplement  
5 10 2007, is amended to read as follows:  
5 11 1. A person may apply to the department to receive  
5 12 financial incentives on a cost-share basis. The department  
5 13 shall forward the applications to the underground storage tank  
5 14 fund board as required by that board for evaluation and  
5 15 recommendation. The underground storage tank fund board may  
5 16 rank the applications with comments and shall forward them to  
5 17 the infrastructure board for approval or disapproval. The and  
5 18 the department shall award financial incentives on a  
5 19 cost=share basis to an eligible person whose application was  
5 20 approved by the infrastructure board.  
5 21 Sec. 11. Section 15G.204, subsection 2, Code Supplement  
5 22 2007, is amended by striking the subsection.  
5 23 Sec. 12. Section 214.1, Code 2007, is amended to read as  
5 24 follows:  
5 25 214.1 DEFINITIONS.  
5 26 For the purpose of As used in this chapter, unless the  
5 27 context otherwise requires:  
5 28 1. "Biofuel", "biodiesel", "biodiesel fuel", "ethanol",  
5 29 "motor fuel", "retail dealer", "retail motor fuel site", and  
5 30 "wholesale dealer" mean the same as defined in section 214A.1.  
5 31 2. "Commercial weighing and measuring device" or "device"  
5 32 means the same as defined in section 215.26.  
5 33 2. 3. "Motor fuel" means the same as defined in section  
5 34 214A.1 fuel blender pump" or "blender pump" means a motor fuel  
5 35 pump that dispenses a type of motor fuel that is blended from  
6 1 two or more different types of motor fuels and which may  
6 2 dispense more than one type of blended motor fuel.  
6 3 3. 4. "Motor fuel pump" means a pump, meter, or similar  
6 4 commercial weighing and measuring device used to measure and  
6 5 dispense motor fuel on a retail basis.  
6 6 4. "Retail dealer" means the same as defined in section  
6 7 214A.1.  
6 8 5. "Wholesale dealer" means the same as defined in section  
6 9 214A.1 "Motor fuel storage tank" or "storage tank" means an  
6 10 aboveground or belowground container that is a fixture used to  
6 11 store an accumulation of motor fuel.  
6 12 Sec. 13. Section 214.9, Code 2007, is amended to read as  
6 13 follows:  
6 14 214.9 SELF=SERVICE MOTOR FUEL PUMPS.  
6 15 Self-service A self-service motor fuel pumps pump located  
6 16 at a retail motor vehicle fuel stations site may be equipped  
6 17 with an automatic latch=open devices device on the fuel  
6 18 dispensing hose nozzle only if the nozzle valve is the  
6 19 automatic closing type.  
6 20 Sec. 14. Section 214A.1, Code 2007, is amended by adding  
6 21 the following new subsection:  
6 22 NEW SUBSECTION. 4A. "Biodiesel fuel" means biodiesel or  
6 23 biodiesel blended fuel.  
6 24 Sec. 15. Section 214A.1, subsection 14, Code 2007, is  
6 25 amended to read as follows:  
6 26 14. "Motor fuel pump" and "motor fuel blender pump" or  
6 27 "blender pump" means the same as defined in section 214.1.  
6 28 Sec. 16. Section 214A.1, subsection 15, Code 2007, is  
6 29 amended to read as follows:  
6 30 15. "Motor fuel storage tank" means an aboveground or  
6 31 belowground container that is a fixture, used to keep an  
6 32 accumulation of motor fuel the same as defined in section  
6 33 214.1.  
6 34 Sec. 17. Section 214A.2, Code 2007, is amended by adding  
6 35 the following new subsection:  
7 1 NEW SUBSECTION. 4A. Ethanol blended gasoline shall be  
7 2 designated E=xx where "xx" is the volume percent of ethanol in  
7 3 the ethanol blended gasoline and biodiesel fuel shall be  
7 4 designated B=xx where "xx" is the volume percent of biodiesel.

7 5 Sec. 18. Section 214A.2B, Code Supplement 2007, is amended  
7 6 to read as follows:

7 7 214A.2B LABORATORY FOR MOTOR FUEL AND BIOFUELS.

7 8 A laboratory for motor fuel and biofuels is established at  
7 9 a merged area school which is engaged in biofuels testing on  
7 10 July 1, 2007, and which testing includes but is not limited to  
7 11 ~~B20~~ B=20 biodiesel fuel testing for motor trucks and the  
7 12 ability of biofuels to meet A.S.T.M. international standards.  
7 13 The laboratory shall conduct testing of motor fuel sold in  
7 14 this state and biofuel which is blended in motor fuel in this  
7 15 state to ensure that the motor fuel or biofuels meet the  
7 16 requirements in section 214A.2.

7 17 Sec. 19. Section 214A.3, subsection 2, paragraph b, Code  
7 18 2007, is amended to read as follows:

7 19 b. (1) Ethanol blended gasoline sold by a dealer shall be  
7 20 designated ~~E-xx~~ where "~~xx~~" is the volume percent of ethanol in  
~~7 21 the ethanol blended gasoline according to its classification~~  
7 22 ~~as provided in section 214A.2.~~ However, a person advertising  
7 23 E=10 gasoline may only designate it as ethanol blended  
7 24 gasoline. A person shall not knowingly falsely advertise  
7 25 ethanol blended gasoline by using an inaccurate designation in  
7 26 violation of this subparagraph.

7 27 (2) Biodiesel blended fuel shall be designated ~~B-xx~~ where  
~~7 28 "xx" is the volume percent of biodiesel in the biodiesel~~  
~~7 29 blended fuel according to its classification as provided in~~  
7 30 ~~section 214A.2.~~ A person shall not knowingly falsely  
7 31 advertise biodiesel ~~blended~~ fuel by using an inaccurate  
7 32 designation in violation of this subparagraph.

7 33 Sec. 20. Section 455G.31, subsection 1, paragraph b, Code  
7 34 Supplement 2007, is amended to read as follows:

7 35 b. "Gasoline storage and dispensing infrastructure" means  
8 1 any storage tank located below ground or above ground and any  
8 2 associated equipment including but not limited to a pipe,  
8 3 hose, connection, fitting seal, or motor fuel pump, which is  
8 4 used to store, measure, and dispense gasoline by a retail  
8 5 dealer.

8 6 Sec. 21. Section 455G.31, subsection 1, Code Supplement  
8 7 2007, is amended by adding the following new paragraph:

8 8 NEW PARAGRAPH. c. "Dispenser" includes a motor fuel pump  
8 9 as defined in section 214.1, including but not limited to a  
8 10 motor fuel blender pump.

8 11 Sec. 22. Section 15.401, Code 2007, is repealed.

8 12 Sec. 23. RENEWABLE FUEL INFRASTRUCTURE PROGRAM FOR RETAIL  
8 13 MOTOR FUEL SITES == CONSIDERATION OF APPLICATIONS. The  
8 14 renewable fuel infrastructure board created in section 15G.202  
8 15 may award financial incentives to a person participating in  
8 16 the renewable fuel infrastructure program for retail motor  
8 17 fuel sites for an amount provided in section 15G.203,  
8 18 subsection 7, as amended in this Act, if the person applied to  
8 19 the department of economic development on or after February  
8 20 19, 2008.

8 21 Sec. 24. EFFECTIVE DATE. This Act, being deemed of  
8 22 immediate importance, takes effect upon enactment.

8 23 EXPLANATION

8 24 BACKGROUND. This bill amends Code provisions relating to  
8 25 infrastructure associated with the storage, blending, and  
8 26 dispensing of renewable fuel and specifically programs  
8 27 administered by the renewable fuel infrastructure board (see  
8 28 Code section 15G.202) established within the department of  
8 29 economic development and supported by moneys appropriated from  
8 30 the grow Iowa values fund (see Code section 15G.111(7)). The  
8 31 programs include the renewable fuel infrastructure programs  
8 32 for retail motor fuel sites (see Code section 15G.203) and  
8 33 biodiesel terminal facilities (see Code section 15G.204) which  
8 34 provide grants on a cost-share basis to participating persons.  
8 35 The department of agriculture and land stewardship regulates  
9 1 motor fuel pumps located at service stations (referred to as  
9 2 motor fuel sites) and motor fuel sold at those sites.

9 3 CONSIDERATION OF APPLICATIONS. The bill strikes a  
9 4 provision requiring the underground storage tank board to  
9 5 review applications for financial incentives under the  
9 6 programs.

9 7 BLENDER PUMPS. The bill provides for a new type of motor  
9 8 fuel pump referred to as a motor fuel blender pump (blender  
9 9 pump) which dispenses a blend of two types of motor fuel and  
9 10 may allow a retail customer to select the percent of biofuel,  
9 11 either ethanol (ethyl alcohol) which is blended into gasoline  
9 12 or biodiesel (derived from vegetable oils or animal fats)  
9 13 which may dispensed or blended into diesel fuel. The bill  
9 14 expands the renewable fuel infrastructure program to provide  
9 15 financing to support the installation, replacement, or

9 16 conversion of infrastructure associated with using a blender  
9 17 pump to dispense ethanol blended gasoline or biodiesel fuel.  
9 18 FINANCING. The bill divides financing for improvements to  
9 19 infrastructure associated with storing, blending, and  
9 20 dispensing ethanol or ethanol blended gasoline and  
9 21 infrastructure associated with improving infrastructure  
9 22 associated with storing, blending, or dispensing biodiesel  
9 23 fuel (i.e., biodiesel blended fuel).  
9 24 A participating person may execute two cost=share  
9 25 agreements: (1) to receive up to the full amount available to  
9 26 improve their retail motor fuel site with ethanol  
9 27 infrastructure, and (2) to receive up to the full amount  
9 28 available to improve the same retail motor fuel site with  
9 29 biodiesel infrastructure.  
9 30 For ethanol infrastructure the amount of the financing is  
9 31 increased from 50 to 70 percent of the cost of making the  
9 32 improvement with a ceiling amount increased from \$30,000 to  
9 33 \$50,000. For biodiesel infrastructure, the amount of the  
9 34 financing is based on a cost=share agreement schedule, with  
9 35 the same increased ceiling. According to the schedule, the  
10 1 amount of financing is based on a the amount of biodiesel  
10 2 contained in the fuel, ranging from 50 percent of the cost of  
10 3 making an improvement for biodiesel fuel classified from B=2  
10 4 to B=5 to 70 percent for biodiesel classified B=20 or higher.  
10 5 AUTHORIZATION TO USE BLENDER PUMPS. The bill amends Code  
10 6 section 455G.31 which allows the state fire marshal to approve  
10 7 the installation of infrastructure associated with storing and  
10 8 dispensing E=85. The bill provides that such infrastructure  
10 9 includes blender pumps.  
10 10 APPLICATIONS. The bill provides that the infrastructure  
10 11 board may award financial incentives to participating persons  
10 12 who submitted an application on or after February 19, 2008.  
10 13 EFFECTIVE DATE. The bill takes effect upon enactment.  
10 14 LSB 6470XC 82  
10 15 da/nh/5.1